

EMPLOYER ADVISORY COMMITTEE

MINUTES

March 22, 2001

DRS Members Present:

Dave Nelsen, Chairperson.

Additional DRS Staff Present:

Steve Nelsen, Legal/Legislative Services; Gayle McGee, Public Employee's Retirement System; Brian Berghoff, Employer Support Services; Jeff Wickman, Strategic Initiatives; Marc Tremblay, Information Services; Lyle Tillett, Public Employee's Retirement System; Dick Ellis, Employer Support Services.

Employer Members Present:

Les Adams, King County; Joanne Amrine, Chehalis School District; Margo Anderson, Highline Community College; Bob Andrews, Kent School District; Chandra Horan, Port of Seattle; Brigitte Hoopes, City of Kent; Debbie Meach, Human Resources Information Systems Division (HRISD); Nancy Savage, Pierce County; Sally Spangler, Washington State Patrol; Jean Yeager, Department of Agriculture.

Employer Members Not Present:

Mary Christle, Educational Service District; Tom Gaines, Washington School Information Processing Cooperative (WSIPC); John Goetz, Center for Information Services; Dorothy Kiest, King County; Michelle Mortimer, City of Olympia; Valerie Quinn, University of Washington; Reagan Ulrich, Chelan County PUD 01.

Agenda Items:

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| • Legislative Summary
<i>Steve Nelsen</i> | • Statewide Employer Relations Training
Update
<i>Brian Berghoff</i> |
| • PERS 3 Update
<i>Gayle McGee</i> | • Issues or Concerns
<i>Committee</i> |
| • SERS Update
<i>Jeff Wickman</i> | • Agenda Items for Next Meeting
<i>Committee</i> |
| • Web Based Employer Transmittal Demo
<i>Marc Tremblay</i> | |

LEGISLATIVE SUMMARY

Steve Nelsen passed out a handout called "Summary of Current Pension Legislation". There are currently 21 bills still remaining out of 102 bills introduced. During the legislative session, the Department of Retirement will keep the legislative page on the Web site updated concerning pension legislation. The address is <http://www.wa.gov/DRS/leg/index.htm>. The following are some of the main bills that Steve discussed with the committee:

Post-Retirement Employment

The Joint Committee on Pension Policy (JCPP) recommended a proposal to simplify TRS Plan 1 retiree return-to-work limits by eliminating distinctions based on job duties and contractual status. The JCPP also recommended a proposal to convert the five-month limit in other retirement systems and plans into an equivalent 867-hour limit.

The Governor and the Superintendent of Public Instruction recommended a bill to eliminate the post-retirement employment restrictions for retirees of PERS and TRS Plan 1. This bill was amended in the Senate to provide that retirees from PERS and TRS Plan 1 could work up 1,500 hours without affecting their pension. Retirees from PERS, SERS and TRS Plan 2 and 3 could work up to 867 hours without affecting their pension.

Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 1 Medical Expenses

The LEOFF Plan 1 Medical Expenses bill failed to make the cut-off in the Senate or the House, but was declared necessary to implement the budget in the Senate which means this bill is technically still alive. The JCPP recommended a proposal to create a Long-Term Care (LTC) Risk Pool and a LEOFF Plan 1 Medical Account. The LTC Risk Pool would reimburse employers for long-term care expenses such as insurance deductibles and co-pays and possible extraordinary costs. The LEOFF Plan 1 Medical Account would be used only for LEOFF Plan 1 medical expenses or premiums. Local government employer premiums and possible payments from the LEOFF Plan 1 Medical Account would fund the LTC Risk Pool.

Department of Retirement Systems (DRS) and Department of Personnel (DOP) Merger

The Governor recommended a bill to consolidate the operations of DRS and DOP that would unify human resources functions for state government. The bill would transfer the powers, duties and functions of DRS and DOP to a new Department of Human Resources effective July 1, 2002 and DRS and DOP would develop a transition plan by December 1, 2001. The DRS/DOP Merger bill did not pass through either the House or the Senate before the cut-off date, which means the bill appears to be dead for this year. The budget has not yet been dealt with; however, it is expected that a request for DRS and DOP to conduct a study on the impacts of such a change and submit it to the Legislature by next year might be included in the final version.

This is a difficult budget year. Once DRS receives budget information, it will be updated on the Web site. The Senate budget should be out by next Wednesday, March 28, 2001.

Please call Dave Nelsen at (360) 664-7163 or 1-800-547-6657 ext. 47163 or Steve Nelsen at (360) 664-7308 if you have any questions.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) 3 UPDATE

DRS recently sent a letter to employers to submit updated member addresses. The employers have been very cooperative and DRS received all Phase I addresses. The goal is for DRS to send PERS Plan 3 information directly to the members' home. The following were some highlights of the PERS Plan 3 update:

- DRS will train employers on where to direct member questions.
- The first PERS Plan 3 DRS Notice is going out this week.
- Employer reporting requirements will be out by April 2001.
- The first Newsletter will be going out in mid-April 2001.
- The Web site will be launched by April 2001.
- Frequently Asked Questions for PERS Plan 3 are already out on the Web site.
- Detailed information about PERS Plan 3 will be made available in the near future.
- International City/County Management Association (ICMA) is the record keeper.
- DRS will be contracting with a third party to provide transfer decision and investment education services.

SCHOOL EMPLOYEES' RETIREMENT SYSTEM (SERS) UPDATE

The transfer window for SERS Plan 2 closed on February 28, 2001. There are a little over 16,000 members in SERS Plan 3 and out of this amount 12,366 members (26%) chose to transfer. DRS does expect this 26% to increase once the March reports are completed. Most members chose the Total Allocation Portfolio of the State Investment Board (SIB) instead of Self-Direct (2 to 1). The member transfer education workshops have been completed and DRS met the goal of 35% of member attendance.

A newsletter was recently mailed out and there will be one more newsletter wrap-up being sent out in May or June. Also, a survey will be mailed out to a group of members to evaluate the products that were made available.

WEB BASED EMPLOYER TRANSMITTAL DEMO

Marc Tremblay gave the committee a demonstration on the web based employer transmittal form. This web based form has not been finalized at this point in time. The form can be used for both regular and correction reports. There will be no cost to use this form, this form will operate on many platforms and there will be security involved. DRS' goal is to make this form available to employers by June 2001.

If you have any comments or suggestions, please e-mail Marc Tremblay at marct@drs.wa.gov or Dave Nelsen at daven@drs.wa.gov.

STATEWIDE EMPLOYER RELATIONS TRAINING UPDATE

DRS is looking at June for the next Statewide Training Kickoff. The Statewide Training will consist of the following:

- How to reconcile accounts
- Give more information on retirees
- Go over PERS Plan 1 legislation

In the next year and a half, DRS' goal is to have all employers automated. Also, the Employer Support Services (ESS) unit within DRS will be reconciling accounts that have credit balances more than 90 days old. ESS will be reconciling these accounts through June.

ISSUES OR CONCERNS

The following were issues or concerns that were raised at the meeting:

- The Employer Audit Web site and Self-Audit program have been put on hold due to staff leaving within the Employer Audit Unit.
- Annual statements being mailed directly to the member. DRS is in the process of researching the costs involved.
- If DRS can tri-fold the annual statements so the name and address are showing, then the employer can stuff the statements into window envelopes.
- The last annual statements sent to employers had old organization codes that went back five years.
- On the annual statements, expand the index on the employment record.
- Employers would appreciate having spacers, every 50 or 100, put in the stack of newsletters they receive from DRS.

The Next Meeting

The next EAC meeting is scheduled for June 28, 2001, from 9:30 a.m. to 3:30 p.m., at the DRS Point Plaza West building located at 6835 Capitol Boulevard in Tumwater. Please see the map to DRS on the EAC Web site for directions to the facility.

There Were No Proposed Agenda Items for the June 28, 2001, Meeting

A confirmed agenda will be available on the Employer Advisory Committee Web site in early June 2001.

Parking for the meetings

There are visitor's parking spaces located in front of the building. You may also park in any stall that is not marked for another agency such as DSHS or OFM.

Questions

If you have any questions, please contact Dave Nelsen at (360) 664-7163, 1-800-547-6657 ext. 47163 or by e-mail at daven@drs.wa.gov.